

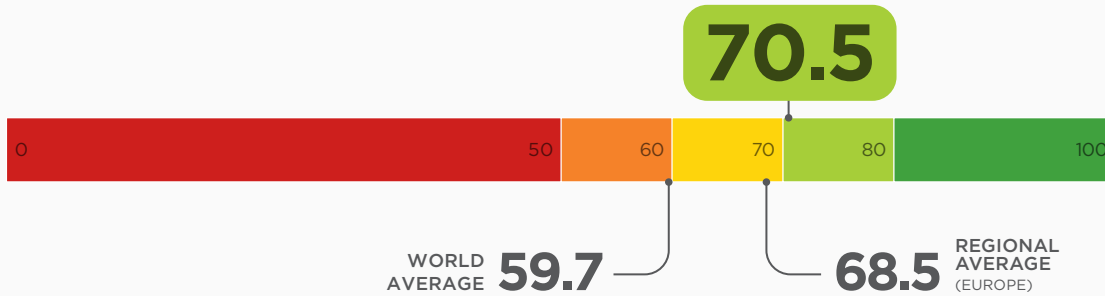
WORLD RANK:	REGIONAL RANK:
25	16
ECONOMIC FREEDOM STATUS: MOSTLY FREE	

PORTUGAL

Portugal's economic freedom score is 70.5, making its economy the 25th freest in the 2025 *Index of Economic Freedom*. Its rating has increased by 1.8 points from last year, and Portugal is ranked 16th out of 44 countries in the Europe region. The country's economic freedom score is higher than the world and regional averages. Portugal's economy is considered "mostly free" according to the 2025 *Index*.

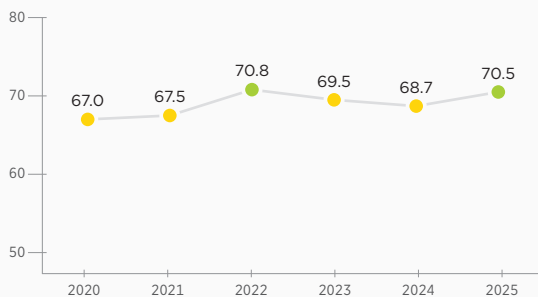
The Portuguese economy has been undergoing challenging adjustments. Despite such relatively sound institutional processes as an efficient business framework and a well-functioning judicial system, the debt-burdened public sector undermines private-sector dynamism and overall competitiveness. Comprehensive public-sector reform and greater labor market flexibility to improve competitiveness and productivity are needed to revitalize the economy. The overall entrepreneurial and investment framework is efficient. Rules on forming and operating private enterprises are now more straightforward. Monetary stability is relatively well maintained, but inflationary pressures persist.

ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1995): +8.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
10.3 million

GDP (PPP):
\$487.3 billion
2.3% growth in 2023
3-year average growth rate: 4.9%
\$47,226 per capita

UNEMPLOYMENT:
6.5%

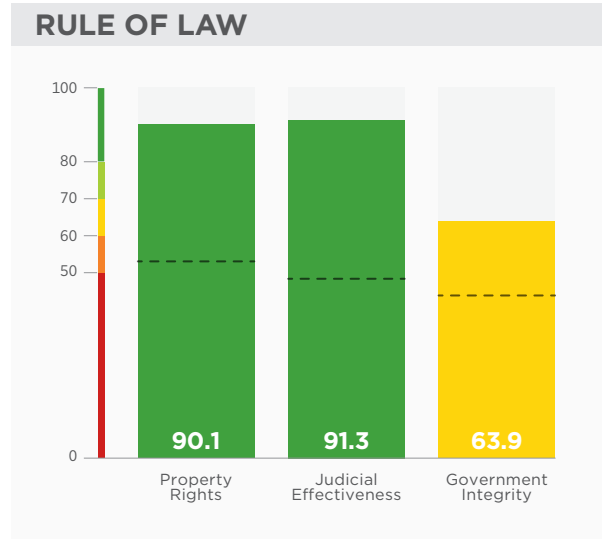
INFLATION (CPI):
5.3%

FDI INFLOW:
\$9.1 billion

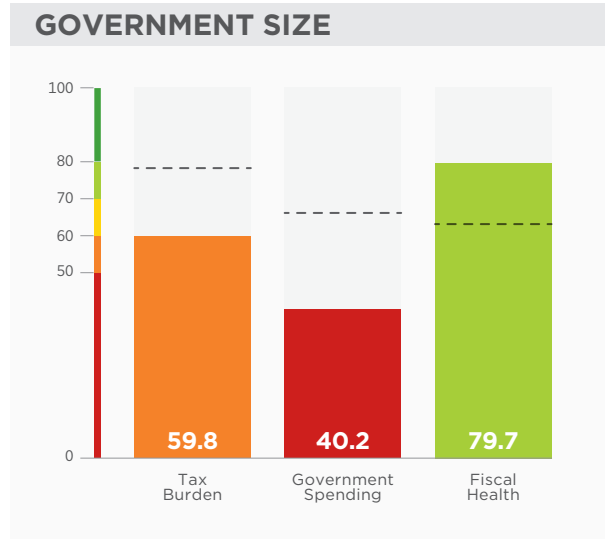
PUBLIC DEBT:
99.1% of GDP

2023 data unless otherwise noted. Data compiled as of November 2024.

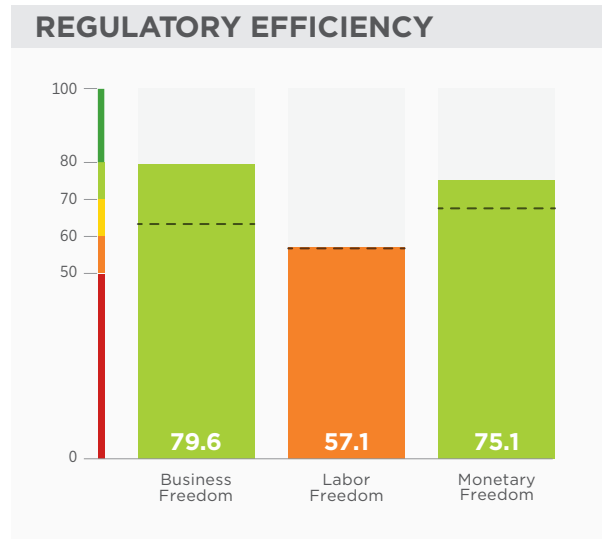
12 ECONOMIC FREEDOMS | PORTUGAL



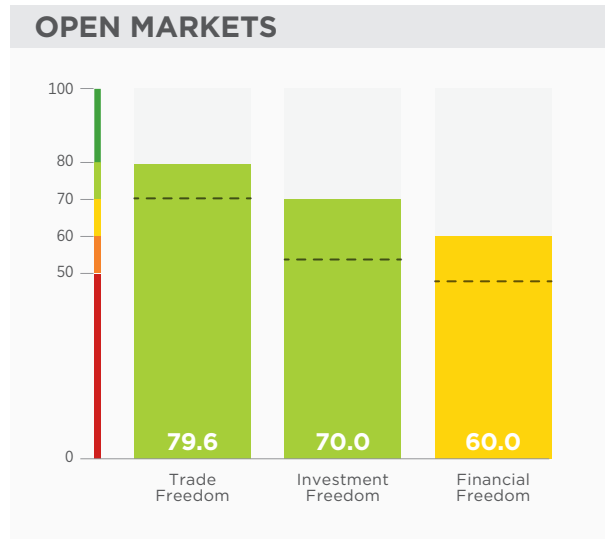
The overall rule of law is well respected in Portugal. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.



The top individual income tax rate is 48 percent, and the top corporate tax rate is 21 percent. The tax burden equals 35.8 percent of GDP. Three-year government spending and budget balance averages are, respectively, 44.6 percent and -0.7 percent of GDP. Public debt amounts to 99.1 percent of GDP.



Portugal's overall regulatory environment is well institutionalized and relatively efficient. The country's business freedom score is far above the world average; its labor freedom score is above the world average; and its monetary freedom score is well above the world average.



The trade-weighted average tariff rate (common among EU members) is 2.7 percent, and more than 600 EU-mandated nontariff measures are in force. The investment regime is conducive to new investment. The financial sector, dominated by banking, has regained stability and offers a range of financial services.